

United States Trustee Program - Chapter 11
Monthly Operating Report
EASTERN DISTRICT

Case Name: Payless Holdings LLC

Case Number: 19-40883

Reporting MM/DD/YY: (March 2019) March 3, 2019 through April 6, 2019

Date Bankruptcy Filed: February 18, 2019

E-MAIL THIS UST MOR FORM BY THE 21ST OF THE FOLLOWING MONTH TO: kcmor@usdoj.gov
THE FILE NAME SHOULD INCLUDE: [MOR][CASE NUMBER][MONTH][YEAR] (e.g., MOR-06-12345-01-2007.pdf or .xls)

E-MAIL BANK STATEMENTS SEPARATELY BY THE 21ST OF THE FOLLOWING MONTH TO: kcmor@usdoj.gov
THE FILE NAME SHOULD INCLUDE: [BANK][CASE NUMBER][MONTH][YEAR] (e.g., BANK-06-12345-01-2007.pdf)

Monthly Chapter 11 **Individual** Operating Report - used by all individuals to report personal/household activity.

Monthly Chapter 11 **Business** Operating Report - used to report ALL business activity.

United States Code
Title 18 Crimes and Criminal Procedures
18 U.S.C. SEC. 1001

Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements of representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$250,000 or imprisoned no more than five (5) years, or both.

I certify under penalty of perjury that the operating report for above stated month and year is true and correct.

Date Submitted: 4/26/2019

Signed: /s/ Stephen Marotta

Title: Chief Restructuring Officer, Payless Holdings LLC and certain subsidiaries

Printed Name: Stephen Marotta

In re:

PAYLESS HOLDINGS LLC, et al..

Case No. 19-40883

Debtors.

Reporting Period: March 2019

Schedule of Cash Receipts and Disbursements

Case Number	Case Name	Cash Receipts ⁽¹⁾⁽³⁾	Cash Disbursements ⁽²⁾⁽³⁾
19-40883	Payless Holdings LLC	-	-
19-40882	Payless ShoeSource, Inc.	60,799,656	-
19-40884	PSS Delaware Company 4, Inc.	-	-
19-40885	Payless Gold Value CO, Inc.	-	-
19-40886	Payless Intermediate Holdings, LLC	-	-
19-40887	Payless Collective GP, LLC	-	-
19-40888	Eastborough, Inc.	-	-
19-40889	WBG-PSS Holdings LLC	-	-
19-40890	Payless Inc.	-	-
19-40891	Collective Licensing International, LLC	-	-
19-40892	Payless Finance Inc.	190,146,664	(244,138,171)
19-40893	Collective Brands Franchising Services, LLC	-	-
19-40894	Payless ShoeSource Distribution, Inc.	-	-
19-40895	Payless ShoeSource Canada, Inc.	3	(1,631)
19-40896	Payless ShoeSource Worldwide, Inc.	-	-
19-40897	Payless ShoeSource Canada LP, Inc.	31,062,295	(8,625,910)
19-40898	Shoe Sourcing, Inc.	-	-
19-40899	Payless ShoeSource Canada GP, Inc.	57	(168)
19-40900	Clinch, LLC	-	-
19-40901	Payless NYC, Inc.	-	-
19-40902	PSS Canada, Inc.	-	-
19-40903	Payless Purchasing Services, Inc.	-	-
19-40905	Payless International Franchising, LLC	-	-
19-40906	Payless ShoeSource of Puerto Rico, Inc.	-	-
19-40907	Payless ShoeSource Merchandising, Inc.	-	-
19-40908	Collective Licensing, LP	-	-
19-40910	Collective Brands Services, Inc.	-	-
	Total Debtors	\$ 282,008,675	\$ (252,765,880)

⁽¹⁾Represents receipts, net of merchant fees.

⁽²⁾Represents operating and restructuring disbursements.

⁽³⁾All amounts are illustrated in USD. The Debtors maintain a master or "concentration" bank account held by Payless Finance at Wells Fargo. The Master Account is the Company's main operating account into which funds are regularly swept from other of the Company's Bank Accounts and from which funds are disbursed to meet the Company's ordinary course obligations.

In re:

PAYLESS HOLDINGS LLC, et al.

Case No. 19-40883

Debtors.

Reporting Period: March 2019

Bank Account Reconciliation

Entity	Bank	Description	Account	Ending Balance (USD)
Payless Finance, Inc.	Wells Fargo Bank, N.A.	Concentration	5863	51,223,967.93
Payless Finance, Inc.	Wells Fargo Bank, N.A.	Payroll Checking	3955	-
Payless Finance, Inc.	Wells Fargo Bank, N.A.	Misc Corporate Deposits	8148	-
Payless Finance, Inc.	Wells Fargo Bank, N.A.	Payroll ACH	5454	-
Payless Finance, Inc.	Wells Fargo Bank, N.A.	Duty Payments	6500	-
Payless Finance, Inc.	Wells Fargo Bank, N.A.	Medical Providers	7331	-
Payless Finance, Inc.	Wells Fargo Bank, N.A.	Tax ACH and Postage	2832	-
Payless Finance, Inc.	Wells Fargo Bank, N.A.	AR Receipts	4762	-
Payless Finance, Inc.	Wells Fargo Bank, N.A.	Outgoing Wires	4778	-
Payless Finance, Inc.	Wells Fargo Bank, N.A.	Incoming Wires	6427	9,227,021.19
Payless Finance, Inc.	Wells Fargo Bank, N.A.	AP Checks	3936	-
Payless Finance, Inc.	Wells Fargo Bank, N.A.	Sales Tax Reserve (Opened Post-Petition)	2870	3,588,884.95
Payless Finance, Inc.	Wells Fargo Bank, N.A.	Utility Adequate Assurance Account (Opened Post-Petition)	2888	891,406.13
Payless Finance, Inc.	Wells Fargo Bank, N.A.	Prof Fees Reserve (Opened Post-Petition)	2896	-
Payless Finance, Inc.	Wells Fargo Bank, N.A.	DIP Loan Reserve (Opened Post-Petition)	2904	3,622,319.05
Payless Finance, Inc.	Bank of the Internet	Paycard Program	8655	15,676.75
Payless ShoeSource, Inc.	Lake Region Bank	Returned Check Consolidator	72-F	31,463.73
Payless ShoeSource, Inc.	Wells Fargo Bank, N.A.	Consolidated Store Depository	4582	461,320.22
Payless ShoeSource, Inc.	TD BANK	Consolidated Store Depository	1253	90,060.53
Payless ShoeSource, Inc.	HUNTINGTON NATIONAL	Consolidated Store Depository	7960	27,587.61
Payless ShoeSource, Inc.	COREFIRST BANK	Consolidated Store Depository	5975	5,349.14
Payless ShoeSource, Inc.	SANTANDER	Consolidated Store Depository	1616	39,424.47
Payless ShoeSource, Inc.	US BANK	Consolidated Store Depository	2887	125,343.21
Payless ShoeSource, Inc.	MANUFACTURERS & TRADERS	Consolidated Store Depository	9511	28,444.93
Payless ShoeSource, Inc.	CAPITAL ONE	Consolidated Store Depository	7396	75,480.69
Payless ShoeSource, Inc.	COMMERCE	Consolidated Store Depository	3194	9,521.04
Payless ShoeSource, Inc.	CITIZENS	Consolidated Store Depository	8162	67,812.63
Payless ShoeSource, Inc.	JPMORGAN CHASE	Consolidated Store Depository	9880	387,514.58
Payless ShoeSource, Inc.	FIRST NATIONAL	Consolidated Store Depository	9310	1,446.87
Payless ShoeSource, Inc.	BANK OF THE WEST	Consolidated Store Depository	3324	12,540.36
Payless ShoeSource, Inc.	BANK OF HAWAII	Consolidated Store Depository	7839	3,413.20
Payless ShoeSource, Inc.	FIRST TENNESSEE	Consolidated Store Depository	1314	22,329.61
Payless ShoeSource, Inc.	COMPASS	Consolidated Store Depository	7232	23,867.23
Payless ShoeSource, Inc.	PNC	Consolidated Store Depository	3145	23,574.31
Payless ShoeSource, Inc.	KEY BANK	Consolidated Store Depository	3530	82,007.79
Payless ShoeSource, Inc.	FIRST CITIZENS	Consolidated Store Depository	4883	8,093.38
Payless ShoeSource, Inc.	UNITED NATIONAL	Consolidated Store Depository	8808	3,542.22
Payless ShoeSource, Inc.	FIFTH THIRD	Consolidated Store Depository	3442	97,495.11
Payless ShoeSource, Inc.	INTERNATIONAL BANK OF COMMERC	Consolidated Store Depository	3296	20,847.38
Payless ShoeSource, Inc.	BANK OF AMERICA	Consolidated Store Depository	4606	13,378.76
Payless ShoeSource, Inc.	REGIONS	Consolidated Store Depository	9423	41,020.76
Payless ShoeSource, Inc.	BRANCH BANKING AND TRUST COM	Consolidated Store Depository	8060	65,339.89
Payless ShoeSource, Inc.	AMERICAN SAVINGS	Consolidated Store Depository	6280	11,100.27
Payless ShoeSource, Inc.	TRUSTMARK	Consolidated Store Depository	9211	7,695.24
Payless ShoeSource, Inc.	HARRIS	Consolidated Store Depository	2064	4,428.88
Payless ShoeSource Puerto Rico Inc.	BANCO POPULAR	Consolidated Store Depository	1584	44,556.81
Payless ShoeSource Puerto Rico Inc.	BANCO SANTANDER	Consolidated Store Depository	0908	3,288.34
Payless ShoeSource Worldwide, Inc.	BANK OF HAWAII - GUAM	Consolidated Store Depository	5469	3,755.58
Payless ShoeSource, Inc.	BANCO POPULAR - VIRGIN ISLANDS	Consolidated Store Depository	6823	12,510.20
Payless Finance, Inc.	Citibank, N.A., c/o Citi Private Bank	Escrow Account [GUCs from prior case]	1768	32,316,000.00
Non Consolidated Stores				
Payless ShoeSource, Inc.	PEOPLES BANK	Non-Consolidated Store Depository	1390	6,517.84
Payless ShoeSource, Inc.	UMB BANK	Non-Consolidated Store Depository	1819	7,346.91
Payless ShoeSource, Inc.	ARVEST	Non-Consolidated Store Depository	9643	5,792.28
Payless ShoeSource, Inc.	TOWN & COUNTRY BANK	Non-Consolidated Store Depository	-616	1,011.37
Payless ShoeSource, Inc.	FIRST KANSAS BANK	Non-Consolidated Store Depository	7226	3,607.86
Payless ShoeSource, Inc.	FIRST NATIONAL BANK OF CRESTVIE	Non-Consolidated Store Depository	3464	15,804.73
Payless ShoeSource, Inc.	WOODFOREST NATIONAL BANK	Non-Consolidated Store Depository	0148	1,556.25
Payless ShoeSource, Inc.	INTER NATIONAL BANK	Non-Consolidated Store Depository	95-2	6,071.54
Payless ShoeSource, Inc.	ARVEST	Non-Consolidated Store Depository	4271	2,451.96
Payless ShoeSource, Inc.	SABINE STATE BANK & TRUST	Non-Consolidated Store Depository	1423	1,075.32
Payless ShoeSource, Inc.	BANCORP SOUTH	Non-Consolidated Store Depository	6842	5,890.25
Payless ShoeSource, Inc.	FIRST FINANCIAL BANK	Non-Consolidated Store Depository	4701	1,598.85
Payless ShoeSource, Inc.	JEFFERSON BANK OF MISSOURI	Non-Consolidated Store Depository (Closed 2/19/2019)	0357	-
Payless ShoeSource, Inc.	CITIZENS SECURITY BANK	Non-Consolidated Store Depository	87-2	2,069.32
Payless ShoeSource, Inc.	SIMMONS FIRST BANK	Non-Consolidated Store Depository	6403	3,852.27
Payless ShoeSource, Inc.	GUARANTY BOND BANK	Non-Consolidated Store Depository	5877	2,845.71
Payless ShoeSource, Inc.	FIRST INTERSTATE BANK	Non-Consolidated Store Depository	1053	2,527.95
Payless ShoeSource, Inc.	ARVEST	Non-Consolidated Store Depository	9656	2,527.25
Payless ShoeSource, Inc.	FIRST BANK KANSAS	Non-Consolidated Store Depository	1348	153.54
Payless ShoeSource, Inc.	FIDELITY BANK	Non-Consolidated Store Depository	8814	2,831.57
Payless ShoeSource, Inc.	SUMMIT BANK	Non-Consolidated Store Depository	2108	3,092.30
Payless ShoeSource, Inc.	WOODFOREST BANK	Non-Consolidated Store Depository	1250	22,349.60
Payless ShoeSource, Inc.	ARVEST	Non-Consolidated Store Depository	9737	2,418.01
Payless ShoeSource, Inc.	FIRST AMERICAN BANK	Non-Consolidated Store Depository	7103	282.06
Payless ShoeSource, Inc.	UNITED COMMUNITY BANK	Non-Consolidated Store Depository	7461	3,513.77
Payless ShoeSource, Inc.	CROSSROADS BANK	Non-Consolidated Store Depository	7876	1,576.86
Payless ShoeSource, Inc.	PIONEER NATIONAL BANK	Non-Consolidated Store Depository	5463	3,738.91
Payless ShoeSource, Inc.	STAR FINANCIAL BANK	Non-Consolidated Store Depository	3977	1,119.16
Payless ShoeSource, Inc.	ARVEST	Non-Consolidated Store Depository	4044	1,541.27
Payless ShoeSource, Inc.	BANK OF OKLAHOMA	Non-Consolidated Store Depository	6325	2,206.59
Payless ShoeSource, Inc.	S & T BANK	Non-Consolidated Store Depository	0935	687.06

Payless ShoeSource, Inc.	ARVEST	Non-Consolidated Store Depository	5073	4,133.20
Payless ShoeSource, Inc.	FIRST STATE BANK	Non-Consolidated Store Depository	25-6	4,644.06
Payless ShoeSource, Inc.	BROADWAY BANK	Non-Consolidated Store Depository	0257	2,455.42
Payless ShoeSource, Inc.	HOMETOWN NATIONAL BANK	Non-Consolidated Store Depository	7929	1,649.14
Payless ShoeSource, Inc.	ALLIANCE BANK	Non-Consolidated Store Depository	0435	2,534.01
Payless ShoeSource, Inc.	AMERIS BANK	Non-Consolidated Store Depository	3503	1,513.88
Payless ShoeSource, Inc.	FIRST MIDWEST BANK	Non-Consolidated Store Depository	8278	415.50
Payless ShoeSource, Inc.	FIRST STATE BANK	Non-Consolidated Store Depository	0249	1,207.75
Payless ShoeSource, Inc.	LAKE CITY BANK	Non-Consolidated Store Depository	2922	3,375.55
Payless ShoeSource, Inc.	FROST BANK	Non-Consolidated Store Depository	4152	2,545.25
Payless ShoeSource, Inc.	CENTRAL NATIONAL BANK	Non-Consolidated Store Depository	0959	14,049.09
Payless ShoeSource, Inc.	WOODFOREST NATIONAL BANK	Non-Consolidated Store Depository	0818	3,249.17
Payless ShoeSource, Inc.	GUARANTY BANK AND TRUST	Non-Consolidated Store Depository	9216	3,280.31
Payless ShoeSource, Inc.	AMERIS BANK	Non-Consolidated Store Depository	3123	2,473.78
Payless ShoeSource, Inc.	ARVEST BANK	Non-Consolidated Store Depository	6827	1,554.97
Payless ShoeSource, Inc.	WESBANCO BANK	Non-Consolidated Store Depository	4901	435.39
Payless ShoeSource, Inc.	FT DAVIS STATE BANK	Non-Consolidated Store Depository	7203	1,326.41
Payless ShoeSource, Inc.	BOONE COUNTY NATIONAL BANK	Non-Consolidated Store Depository	6634	242.57
Payless ShoeSource, Inc.	TCF BANK	Non-Consolidated Store Depository	3501	2,447.39
Payless ShoeSource, Inc.	TRI-COUNTIES BANK	Non-Consolidated Store Depository	3422	1,786.68
Payless ShoeSource, Inc.	NBT BANK	Non-Consolidated Store Depository	0469	3,504.13
Payless ShoeSource, Inc.	FIRST COLUMBIA BANK	Non-Consolidated Store Depository	0842	2,101.89
Payless ShoeSource, Inc.	ELMIRA SAVINGS BANK	Non-Consolidated Store Depository	5766	2,671.82
Payless ShoeSource, Inc.	CENTIER BANK	Non-Consolidated Store Depository	5323	1,220.83
Payless ShoeSource, Inc.	LIBERTY BANK OF ARKANSAS	Non-Consolidated Store Depository	5385	3,303.12
Payless ShoeSource, Inc.	BENEFICIAL BANK	Non-Consolidated Store Depository	7986	3,662.78
Payless ShoeSource, Inc.	CITIZENS FIRST NAT'L BANK	Non-Consolidated Store Depository	07-7	3,755.21
Payless ShoeSource, Inc.	ARVEST BANK	Non-Consolidated Store Depository	5708	2,991.89
Payless ShoeSource, Inc.	FIRST NATIONAL BANK	Non-Consolidated Store Depository	4141	3,898.65
Payless ShoeSource, Inc.	SUN NATIONAL BANK	Non-Consolidated Store Depository	6473	3,453.64
Payless ShoeSource, Inc.	HONESDALE NATIONAL BANK	Non-Consolidated Store Depository	6901	3,723.92
Payless ShoeSource, Inc.	FIRST COMMONWEALTH BANK	Non-Consolidated Store Depository	1245	1,953.96
Payless ShoeSource, Inc.	TRUSTCO BANK	Non-Consolidated Store Depository	2514	2,269.59
Payless ShoeSource, Inc.	FIRST FINANCIAL BANK	Non-Consolidated Store Depository	2732	320.26
Payless ShoeSource, Inc.	ALPINE BANK	Non-Consolidated Store Depository	7203	2,562.16
Payless ShoeSource, Inc.	WAYNE BANK	Non-Consolidated Store Depository	0058	1,623.83
Payless ShoeSource, Inc.	ALAMOSA NATIONAL BANK	Non-Consolidated Store Depository	3507	3,797.10
Payless ShoeSource, Inc.	COMMUNITY BANK	Non-Consolidated Store Depository	1298	11,705.82
Payless ShoeSource, Inc.	WOODFOREST BANK	Non-Consolidated Store Depository	1276	441.25
Payless ShoeSource, Inc.	EASTERN SAVINGS BANK	Non-Consolidated Store Depository	1098	8,736.71
Payless ShoeSource, Inc.	FIRST NATIONAL BANK FREDERICKSBG	Non-Consolidated Store Depository	0561	1,639.52
Payless ShoeSource, Inc.	CENTRAL SAVINGS BANK	Non-Consolidated Store Depository	3554	4,342.92
Payless ShoeSource, Inc.	PARKWAY BANK	Non-Consolidated Store Depository	0808	3,698.58
Payless ShoeSource, Inc.	CITIBANK	Non-Consolidated Store Depository	2988	2,598.15
Payless ShoeSource, Inc.	FIRST CONVENIENCE	Non-Consolidated Store Depository (Closed 3/28/2019)	6743	-
Payless ShoeSource, Inc.	FIRST CONVENIENCE	Non-Consolidated Store Depository	2735	-
Payless ShoeSource, Inc.	FIRST NATIONAL BANK PA	Non-Consolidated Store Depository	2463	1,494.89
Payless ShoeSource, Inc.	BANGOR SAVINGS BANK	Non-Consolidated Store Depository	5809	1,923.40
Payless ShoeSource, Inc.	FIRST UNITED	Non-Consolidated Store Depository	6178	3,307.65
Payless ShoeSource, Inc.	SALEM FIVE BANK	Non-Consolidated Store Depository	9464	3,296.49
Payless ShoeSource, Inc.	UNITED BANK	Non-Consolidated Store Depository	3648	2,715.27
Payless ShoeSource, Inc.	PENNSTAR BANK	Non-Consolidated Store Depository	1014	3,780.25
Payless ShoeSource, Inc.	WOODFOREST BANK	Non-Consolidated Store Depository	1334	2,949.42
Payless ShoeSource, Inc.	LAKE SUNAPEE BANK	Non-Consolidated Store Depository	1570	1,887.31
Payless ShoeSource, Inc.	FULTON BANK OF NEW JERSEY	Non-Consolidated Store Depository	0357	1,076.33
Payless ShoeSource, Inc.	SALEM FIVE	Non-Consolidated Store Depository	9941	3,634.23
Payless ShoeSource, Inc.	CAMDEN NATIONAL BANK	Non-Consolidated Store Depository	4048	1,071.80
Payless ShoeSource, Inc.	ALPINE BANK AND TRUST	Non-Consolidated Store Depository	0538	2,607.08
Payless ShoeSource, Inc.	CAPITAL CITY BANK	Non-Consolidated Store Depository	1701	6,968.06
Payless ShoeSource, Inc.	UNION BANK	Non-Consolidated Store Depository	8228	2,808.55
Payless ShoeSource, Inc.	FIRST COMMONWEALTH BANK	Non-Consolidated Store Depository	4093	1,587.64
Payless ShoeSource, Inc.	PEOPLES BANK	Non-Consolidated Store Depository	2637	1,853.53
Payless ShoeSource, Inc.	CITIZENS NATIONAL BANK	Non-Consolidated Store Depository	0800	2,580.18
Payless ShoeSource, Inc.	CHEMICAL BANK	Non-Consolidated Store Depository	0845	3,917.81
Payless ShoeSource, Inc.	LAPORTE SAVINGS BANK	Non-Consolidated Store Depository	7964	1,689.35
Payless ShoeSource, Inc.	FIRST SUMMIT BANK	Non-Consolidated Store Depository	0440	4,321.44
Payless ShoeSource, Inc.	COMMUNITY BANK	Non-Consolidated Store Depository	3033	3,402.57
Payless ShoeSource, Inc.	FIRST COMMONWEALTH BANK	Non-Consolidated Store Depository	4942	1,639.62
Payless ShoeSource, Inc.	PENNSTAR BANK	Non-Consolidated Store Depository	6718	448.74
Payless ShoeSource, Inc.	NORTHWEST SAVINGS BANK	Non-Consolidated Store Depository	8343	3,878.21
Payless ShoeSource, Inc.	ELMIRA SAVINGS BANK	Non-Consolidated Store Depository	6178	3,840.15
Canada				
Payless ShoeSource Canada Inc	Royal Bank of Canada	DACA Blocked Account	6688	-
Payless ShoeSource Canada GP	Royal Bank of Canada	DACA Blocked Account	6670	-
Payless ShoeSource Canada LP	Royal Bank of Canada	DACA Blocked Account	6662	-
Payless ShoeSource Canada Inc	Royal Bank of Canada	Operating Account	5477	1,577.54
Payless ShoeSource Canada LP	Royal Bank of Canada	CC Receipts	6937	455,062.41
Payless ShoeSource Canada LP	Royal Bank of Canada	AP Checking - CAD	6911	41,663.14
Payless ShoeSource Canada LP	Royal Bank of Canada	Master Funding - USD	8517	59,149.93
Payless ShoeSource Canada LP	Royal Bank of Canada	AP Checking - USD	9832	185.33
Payless ShoeSource Canada LP	Royal Bank of Canada	Master - AP Wire/ACH - Payroll Funding	6945	13,251,644.76
Payless ShoeSource Canada LP	Royal Bank of Canada	Store Deposits	3979	25,146.51
Payless ShoeSource Canada LP	Royal Bank of Canada	Wire/ACH Payments USD	8525	152,097.33
Payless ShoeSource Canada LP	Royal Bank of Canada	Reserve Account (Opened Post-Petition)	6122	7,475,047.57
Payless ShoeSource Canada GP	Royal Bank of Canada	Operating Account	5535	41,854.76
Payless ShoeSource Canada LP	Bank of Montreal	Store Deposits	1836	14,707.66
Payless ShoeSource Canada LP	Canadian Imperial Bank	Store Deposits	6917	14,128.63
Payless ShoeSource Canada LP	Bank of Nova Scotia	Store Deposits	6412	11,943.88
Payless ShoeSource Canada LP	Toronto Dominion	Store Deposits	6429	27,385.50
Payless ShoeSource Canada LP	Wells Fargo Bank, N.A.	Multi Currency Account	4399	-

Total Debtors	\$ 124,634,461.51
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Notes:

All amounts listed above are bank balances as of March 2, 2019. Copies of bank statements and bank reconciliations are not included with MOR-1 (CONT), but can be made available upon request.

In re:

PAYLESS HOLDINGS LLC, et al..

Case No. 19-40883

Debtors.

Reporting Period: March 2019

March 2019 Monthly Operating Report: Insurance Coverage and Premiums

Type of Policy	Insurance Carrier(s)	Policy Number	Effective Date	Expiration Date	Geographic/Foreign Limitations	Approximate Annualized Premium
Workers Comp	Zurich American Ins. Co.	WC5918470 13	5/1/2018	5/1/2019	US	\$ 369,791
Workers Comp	Zurich American Ins. Co.	WC 5918471 13	5/1/2018	5/1/2019	US	\$ 1,142
Workers Comp	Pacific Indemnity Ins. Co.	WC001600007	5/27/2018	5/27/2019	Guam/Saipan	\$ 2,818
General Liability	Zurich American Ins. Co.	GLO5918469-12 (US)	5/1/2018	5/1/2019	US	\$ 154,227
General Liability	Zurich Canada	8834208 (CAN)	5/1/2018	5/1/2019	Canada	\$ 8,486
Auto	Zurich American Ins. Co.	BAP5918468-12 (U.S.)	5/1/2018	5/1/2019	US	\$ 28,525
Auto	Zurich Canada	AF 9800025 (CAN)	5/1/2018	5/1/2019	Canada	\$ 14,538
Property	Liberty Mutual	YAC-L9L-448456-028	2/1/2019	2/1/2020	Global	\$ 644,106
Local Property	Royal & Sun Alliance	COM047201595	2/1/2019	2/1/2020	Canada	\$ 32,880
Cargo	AGCS Marine Insurance Company (Allianz)	OC96062300	2/1/2019	2/1/2020	Global	\$ 35,286
Travel Specialty	International SOS	n/a Service Agreement	2/1/2019	2/1/2020	Global	\$ 43,002
Business Travel Accident	ACE American Insurance Company	ADDN01172013R	2/1/2019	2/1/2020	Global	\$ 36,960
Storage Tank Liability	ACE American Insurance Company	G24730438 005	10/10/2018	10/10/2019	US	\$ 1,027
Umbrella Liability	American Guarantee and Liability Insurance Company (Zurich)	AUC 0140954-01	5/1/2018	5/1/2019	Global	\$ 147,662
Excess Liability	Navigators Insurance Company	CH18FXR862843IV	5/1/2018	5/1/2019	Global	\$ 29,155
Excess Liability	The Ohio Casualty Insurance Company (Liberty)	ECO (19) 5590 2385	5/1/2018	5/1/2019	Global	\$ 25,000
Excess Liability	Allianz Global Risks US Insurance Company	USL 00056318	5/1/2018	5/1/2019	Global	\$ 25,000
Excess Liability	Great American Insurance Company	TUE 6680256 12	5/1/2018	5/1/2019	Global	\$ 25,000
Excess Liability	C.N.A	6024082862	5/1/2018	5/1/2019	Global	\$ 25,000
Excess Liability	XL Insurance	US00008657LI18A	5/1/2018	5/1/2019	Global	\$ 25,000
Foreign Casualty	Generali	GFP900023-02	5/1/2018	5/1/2019	Global	\$ 43,475
Cyber Primary	Beazley Group	W1C0D9180301	7/15/2018	8/10/2019	Global	\$ 176,175
Cyber First Excess	XL Catlin	MTE903377102	7/15/2018	8/10/2019	Global	\$ 88,358
Cyber Second Excess	Argo Pro	XS407451	7/15/2018	8/10/2019	Global	\$ 31,066
Monopolistic WC Alberta	Monopolistic - Local Agency	3944192	1/1/2019	12/31/2019	Canada	\$ 24,000
Monopolistic WC British Columbia	Monopolistic - Local Agency	6119267	1/1/2019	12/31/2019	Canada	\$ 56,000
Monopolistic WC Nova Scotia	Monopolistic - Local Agency	185230	1/1/2019	12/31/2019	Canada	\$ 15,200
Monopolistic WC Ontario	Monopolistic - Local Agency	2111989	1/1/2019	12/31/2019	Canada	\$ 215,000
Monopolistic WC Quebec	Monopolistic - Local Agency	3363413959	1/1/2019	12/31/2019	Canada	\$ 10,000
Monopolistic WC Saskatchewan	Monopolistic - Local Agency	A113399	1/1/2019	12/31/2019	Canada	\$ 5,100
Monopolistic WC Manitoba	Monopolistic - Local Agency	1299528	1/1/2019	12/31/2019	Canada	\$ 3,000
Monopolistic WC New Brunswick	Monopolistic - Local Agency	600272	1/1/2019	12/31/2019	Canada	\$ 7,100
Monopolistic WC Newfoundland	Monopolistic - Local Agency	2039124	1/1/2019	12/31/2019	Canada	\$ 5,800
Monopolistic WC Prince Edwards	Monopolistic - Local Agency	18983	1/1/2019	12/31/2019	Canada	\$ 2,400

Monopolistic WC Puerto Rico	Monopolistic - Local Agency	9212001024	1/1/2019	12/31/2019	Puerto Rico	\$ 80,000
Monopolistic WC Ohio DC/Stores	Monopolistic - Local Agency	80008491/80008492	7/13/2018	7/13/2019	US	\$ 450,000
Monopolistic WC Washington	Monopolistic - Local Agency	913, 129-01	1/1/2019	12/31/2019	US	\$ 140,000
Monopolistic WC North Dakota	Monopolistic - Local Agency	652016	1/1/2019	12/31/2019	US	\$ 6,000
Monopolistic WC Wyoming	Monopolistic - Local Agency	5043316	1/1/2019	12/31/2019	US	\$ 4,500
Monopolistic WC Virgin Islands	Monopolistic - Local Agency	9927	1/1/2019	12/31/2019	Virgin Islands	\$ 8,200
D&O Primary	Nationwide	PHF1800357	8/10/2018	8/10/2019	Global	\$ 65,511
D&O First Excess	Tokio Marine	14-MGU-18-A44602	8/10/2018	8/10/2019	Global	\$ 42,582
D&O Second Excess	Continental Casualty Company	652024450	8/10/2018	8/10/2019	Global	\$ 34,950
D&O Third Excess	Chubb	DOX G46801507 002	8/10/2018	8/10/2019	Global	\$ 30,008
D&O Fourth Excess	Beazley	V241BC180101	8/10/2018	8/10/2019	Global	\$ 30,000
D&O Lead Side A/DIC	Lloyd's of London	B0509FINMW1801322	8/10/2018	8/10/2019	Global	\$ 30,000
International D&O (Side-A Only)	Zurich	B0509FINMW1801469	8/10/2018	8/10/2019	International	\$ 37,605
Local D&O Canada		B0509FINMW1801468	8/10/2018	8/10/2019	Canada	\$ 10,800
EPL Primary	Nationwide	PHF1800357	8/10/2018	8/10/2019	Global	\$ 109,604
EPL Excess	Beazley	V241C1180101	8/10/2018	8/10/2019	Global	\$ 49,000
Fiduciary Primary	Nationwide	PHF1800357	8/10/2018	8/10/2019	Global	\$ 20,106
Fiduciary Excess	Continental Casualty Company	596816933	8/10/2018	8/10/2019	Global	\$ 5,400
Crime Primary	Beazley	V2417D180101	8/10/2018	8/10/2019	Global	\$ 48,849
Crime Excess	RLI	BND0101854	8/10/2018	8/10/2019	Global	\$ 27,000
Special Crime	Chubb	8225-9848	8/10/2018	8/10/2019	Global	\$ 36,454
Runoff D&O Primary	Freedom Specialty Insurance Co	PHF1800357	8/10/2018	8/10/2025	Global	\$ 163,778
Runoff D&O First Excess	US Specialty Insurance Co	14-MGU-18-A44602	8/10/2018	8/10/2025	Global	\$ 106,455
Runoff D&O Second Excess	Continental Casualty Company	652024450	8/10/2018	8/10/2025	Global	\$ 87,375
Runoff D&O Third Excess	ACE American Insurance	DOX G46801507 002	8/10/2018	8/10/2025	Global	\$ 150,000
Runoff D&O Fourth Excess	Beazley Insurance Company	V241BC180101	8/10/2018	8/10/2025	Global	\$ 75,000

Debtors.

Reporting Period: March 2019

Accounts Receivable Reconciliation and Aging

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	\$ 954,825
Plus: Amounts billed during the period	-
Less: Amounts collected during the period	40,986
Less: Amounts written off during the period	-
Total Accounts Receivable at the end of the reporting period	\$ 913,839

Accounts Receivable Aging	Period
Current	\$ -
0 - 30 days past due	24,085
31 - 60 days past due	5,157
61 - 90 days past due	78,347
Greater than 91 days past due	806,250
Total Accounts Receivable	913,839
Less: Bad Debts (Amount considered uncollectible)	(806,250)
Net Accounts Receivable	\$ 107,589

In re:

PAYLESS HOLDINGS LLC, et al.

Case No. 19-40883

Debtors.

Reporting Period: March 2019

Status of Post-Petition Taxes

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid	Check or EFT	April 6 Ending Tax
Withholding	\$ 565,681	\$ 2,348,844	\$ (1,547,316)	03/03 - 04/06	EFT	\$ 1,367,208
FICA-Employee	638,787	2,416,706	(1,494,036)	03/03 - 04/06	EFT	1,561,456.20
FICA-Employer	638,787	2,416,707	(1,494,036)	03/03 - 04/06	EFT	1,561,457.70
Unemployment	36,191	110,185	(62,724)	03/03 - 04/06	EFT	83,652.05
Income	-	-	-	N/A	N/A	-
Other:	-	-	-	N/A	N/A	-
Total Federal Taxes	\$ 1,879,445	\$ 7,292,441	\$ (4,598,112)			\$ 4,573,774
State and Local						
Withholding	\$ 226,845	\$ 927,587	\$ (603,311)	03/03 - 04/06	Check & EFT	\$ 551,120
Sales/Use	8,877,994	13,155,238	(4,727,510)	03/03 - 04/06	Check & EFT	17,305,722
Unemployment	134,075	434,339	(252,534)	03/03 - 04/06	Check & EFT	315,881
Real Property	6,597	6,598	-	N/A	N/A	13,195
Personal Property	100,851	99,398	-	N/A	N/A	200,249
Franchise	18,735	18,735	-	N/A	N/A	37,470
Income	110,465	56,202	-	N/A	N/A	166,667
Total State and Local Taxes	\$ 9,475,562	\$ 14,698,097	\$ (5,583,355)			\$ 18,590,303
International						
Canada Income	\$ -	\$ -	\$ -	N/A	N/A	\$ -
Canada GST/HST/PST	1,545,794	3,663,483	(916,853)	03/03 - 04/06	Check & EFT	4,292,425
Puerto Rico Income	-	-	-	N/A	N/A	-
Puerto Rico Property	19,194	19,194	-	N/A	N/A	38,388
Puerto Rico Sales/Use	297,782	293,004	(112,015)	03/03 - 04/06	Check & EFT	478,771
Puerto Rico Volume of Business	-	-	-	N/A	N/A	-
Other International Tax	-	-	(35,037)	03/03 - 04/06	EFT	(35,037)
Total International Taxes	\$ 1,862,770	\$ 3,975,682	\$ (1,063,905)			\$ 4,774,547
Total Taxes	\$ 13,217,777	\$ 25,966,220	\$ (11,245,373)			\$ 27,938,624

Note:

To the best of the Debtors' knowledge, as of the date hereof, (i) all Post-Petition Taxes that are not subject of dispute are current, (ii) there are no material disputes with respect to Post-Petition Taxes, and (iii) no previous tax years have been reopened since the filing date. The Canada Revenue Agency has contacted the Debtor post-filing regarding a GST / HST audit.

Taxes Reconciliation and Aging

Taxes Payable	0-30	31-60	61-90	91+	Total
Federal	\$ 4,573,774	\$ -	\$ -	\$ -	\$ 4,573,774
State and Local	17,826,878	763,426	-	-	18,590,303
International	4,774,547	-	-	-	4,774,547
Total Taxes Payable	\$ 27,175,199	\$ 763,426	\$ -	\$ -	\$ 27,938,624

Summary of Unpaid Post-Petition Debts

	Current	0-30	31-60	61-90	Over 91	Total
Accounts Payable	\$ 5,458,236	123,301	\$ -	\$ -	\$ -	\$ 5,581,538
Wages Payable	5,889,671	-	-	-	-	5,889,671
Taxes Payable	27,938,624	-	-	-	-	27,938,624
Rent/Leases-Building	-	-	-	-	-	-
Rent/Leases-Equipment	1,351	-	-	-	-	1,351
Secured Debt/Adequate Protection Payments	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	-
Amounts Due to Insiders	65,463	-	-	-	-	65,463

Other:	-	-	-	-	-	-	-
Total Post-petition Debts	\$ 39,353,345	\$ 123,301	\$ -	\$ -	\$ -	\$ -	\$ 39,476,646

In re:

PAYLESS HOLDINGS LLC, et al.Case No. 19-40883

Debtors.

Reporting Period: March 2019Payments to Professionals

Name	Role / Capacity	Amount Paid During The Month Ended April 6, 2019	Cumulative Paid From February 18, 2019 through April 6, 2019
AKIN GUMP STRAUSS HAUER & FELD, LLP	Counsel to Debtors	\$ -	\$ -
ALIX PARTNERS LLP	Financial Advisors to the Term Loan Lenders	191,639	191,639
ANKURA CONSULTING GROUP LLC	Chief Restructuring Officer and Financial Advisors to Debtors	-	-
ARMSTRONG TEASDALE LLP	Local Counsel for the Debtors	-	-
BENNETT JONES LLP	Counsel to the Canadian Monitor	201,666	260,748
CASSELS BROCK & BLACKWELL LLP	Canadian Counsel for Debtors	790,331	995,101
CHOATE HALL & STEWART LLP	Counsel to ABL Agent	238,887	238,887
DOSTER, ULLOM & BOYLE, LLC	Counsel to Certain Term Loan Lenders	-	-
FTI CONSULTING CANADA INC	Canadian Monitor	459,138	574,167
GREAT AMERICAN GROUP LLC / TIGER GROUP LLC	Consultants to the Debtor (Store Closings)	5,324,883	5,324,883
GREENBERG TRAURIG, LLP	Counsel to FILO Agent	-	-
HOULIHAN LOKEY CAPITAL INC	Investment Bankers to Term Loan Lenders	-	-
KRAMER LEVIN NAFTALIS & FRANKEL LLP	Counsel to Certain Term Loan Lenders	610,309	610,309
MACKINAC PARTNERS LLC	Financial Advisor to the ABL Agent	57,376	57,376
MALFITANO PARTNERS	Liquidation Specialist for Debtors	-	-
NORTON ROSE FULBRIGHT CANADA LLP	Canadian Counsel for ABL Agent	70,774	96,284
NORTON ROSE FULBRIGHT US LLP	Counsel to Term Loan Agent	74,149	119,248
PACHULSKI STANG ZIEHL & JONES LLP	Counsel to the UCC	-	-
PJ SOLOMON SECURITIES LLC	Investment Bankers to Debtors	-	-
PRIME CLERK LLC	Claims and Noticing Agent	366,386	366,386
PROVINCE, INC.	Financial Advisor to the UCC	-	-
REEMARK LLC	Communications Firm to Debtors	-	-
SEWARD & KISSEL LLP	Counsel to the Debtors	-	-
STROOCK & STROOCK & LAVAN LLP	Counsel to Certain Term Loan Lenders	909,016	909,016
THOMPSON COLBURN LLP	Counsel to ABL Agent	-	-
Total Payments to Professionals		\$ 9,294,554	\$ 9,744,043

Notes:

Payments to ordinary course professionals are not included. This schedule includes payments issued to third parties and does not include accrued but unpaid amounts.

Post-Petition Status of Secured Debts

Name of Creditor	Description	Scheduled Monthly Payment Due	Amount Paid During Month	Total Unpaid Post-Petition
Wells Fargo Bank - Agent	ABL - Tranche A	N/A	\$ 140,648,691	\$ -
Wells Fargo Bank - Agent	ABL - Tranche A 1	N/A	20,391,604.9	12,823,395.1
Wells Fargo Bank - Agent	Standby Letters of Credit	N/A	35,820,933.1	-
Cortland Capital Markets - Agent	Term Loan - Tranche A-1	N/A	-	79,200,000.0
Cortland Capital Markets - Agent	Term Loan - Tranche A-2	N/A	-	198,000,000.0
Wilmington Savings Fund Society - Agent	DIP Term Loan	N/A	-	21,000,000.0
Total Payments			\$ 196,861,229	\$ 311,023,395

Notes:

This schedule does not include detail on capital leases, on which the Debtors continue their analysis.

In re:
PAYLESS HOLDINGS LLC, et al.

Case No. 19-40883

Debtors.

Reporting Period: March 2019

Debtor Questionnaire

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.	Yes	No
Have any assets been sold or transferred outside the normal course of business this reporting period?		X ⁽¹⁾
Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		X ⁽²⁾
Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X
Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		X
Is the Debtor delinquent in paying any insurance premium payment?		X
Have any payments been made on pre-petition liabilities this reporting period?	X ⁽³⁾	
Are any post-petition receivables (accounts, notes or loans) due from related parties?		X
Are any post-petition payroll taxes past due?		X
Are any post-petition State or Federal income taxes past due?		X
Are any post-petition real estate taxes past due?		X
Are any other post-petition taxes past due?		X
Have any pre-petition taxes been paid during this reporting period?	X ⁽³⁾	
Are any amounts owed to post-petition creditors delinquent?		X
Are any wage payments past due?		X
Have any post-petition loans been received by the Debtor from any party?	X ⁽⁴⁾	
Is the Debtor delinquent in paying any U.S. Trustee fees?		X
Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
Have the owners or shareholders received any compensation outside of the normal course of business?		X

Notes:

⁽¹⁾Pursuant to the Store Closure Motion the Debtors are conducting GOB sales in all stores.

⁽²⁾Pursuant to the Cash Management Motion (docket #22) the Debtor maintains a concentration account held by Payless Finance at Wells Fargo. The concentration account is the Company's main operating account into which funds are transferred from other of the Company's bank accounts and from which funds are disbursed to meet the Company's ordinary course obligations, some of which may not be a DIP account.

⁽³⁾Pursuant to the relief requested under "First Day Motions" and their respective interim and final orders, certain payments have been made on pre-petition obligations (e.g. employee related obligations, customer programs, taxes, critical vendors, carriers and warehousemen)

⁽⁴⁾Pursuant to the DIP Order, the debtors have obtained post-petition financing.



**PAYLESS INC. AND SUBSIDIARIES¹
(DEBTORS-IN-POSSESSION)**

MONTHLY OPERATING REPORT

**AS OF APRIL 6, 2019
AND FOR THE PERIOD MARCH 3, 2019 TO APRIL 6, 2019**

[UNAUDITED]

¹ These financial statements were prepared on a consolidated basis, including non-debtor entities

U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
PAYLESS INC. AND SUBSIDIARIES
(Debtors-in-Possession)
Index to Condensed Consolidated Financial Statements and Schedules
(UNAUDITED)

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Condensed Consolidated Statement of Cash Flow	4
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U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
PAYLESS INC. AND SUBSIDIARIES
(Debtors-in-Possession)
Condensed Consolidated Balance Sheet
(UNAUDITED)
(Dollars in Millions)

April 6, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$ 161.3
Restricted Cash	71.1
Accounts receivable, net	7.5
Inventories, net	203.1
Prepaid expenses	32.3
Other current assets	<u>10.5</u>
Total Current Assets	485.8
Property and equipment, net	44.7
Intangible assets, net	104.5
Goodwill	243.7
Deferred income taxes	6.8
Other assets	<u>7.8</u>
Total Assets	<u>\$ 893.3</u>

LIABILITIES AND EQUITY

Current Liabilities Not Subject to Compromise:

Current maturities of long-term debt	\$ 3.7
Short-term debt	33.9
Accounts payable	177.5
Accrued expenses	<u>112.8</u>
Total Current Liabilities	327.9

Long-term Liabilities Not Subject to Compromise:

Long-term debt	43.9
Deferred income taxes	3.5
Other liabilities	<u>39.0</u>
Total long-term Liabilities	86.4
Liabilities subject to compromise	<u>402.0</u>
Total Liabilities	<u>816.3</u>

Equity:

Payless Inc. shareowners' (deficit)	(58.0)
Noncontrolling interests	<u>135.0</u>
Total Equity	<u>77.0</u>
Total Liabilities and Equity	<u>\$ 893.3</u>

U.S. BANKRUPTCY COURT

These condensed consolidated financial statements and accompanying notes do not purport to represent financial statements prepared in accordance with Generally Accepted Accounting Principles in the United States of America, nor are they intended to be fully reconciled to any financial statements otherwise prepared or distributed by the Debtors or any of the Debtors' affiliates. This information is unaudited and is subject to further review and potential adjustments. The accompanying notes are an integral part of these condensed consolidated financial statements.

EASTERN DISTRICT OF MISSOURI
PAYLESS INC. AND SUBSIDIARIES
(Debtors-in-Possession)
Condensed Consolidated Statement of Operations
(UNAUDITED)
(Dollars in Millions)

	5 Weeks Ended April 6, 2019
Net sales	\$ 269.7
Cost of sales	<u>161.7</u>
Gross margin	108.0
Selling, general and administrative expenses	<u>47.7</u>
Operating profit	60.3
Interest expense	<u>1.2</u>
Net earnings before reorganization items and income taxes	59.1
Reorganization items, net	<u>10.7</u>
Net earnings before income taxes	48.4
Provision for income taxes	<u>1.9</u>
Net earnings	46.5
Net (earnings) attributable to noncontrolling interests	<u>(0.4)</u>
Net earnings attributable to Payless Inc.	<u>\$ 46.1</u>

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U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
PAYLESS INC. AND SUBSIDIARIES
(Debtors-in-Possession)
Condensed Consolidated Statement of Cash Flow
(UNAUDITED)
(Dollars in Millions)

5 Weeks Ended
April 6, 2019

Operating Activities:	
Net earnings	\$ 46.5
Adjustments for non-cash items included in net earnings:	
Loss on impairment and disposal of assets	-
Depreciation and amortization	3.2
Deferred income taxes	(0.5)
Changes in working capital:	
Accounts receivable	9.1
Inventories	111.0
Prepaid expenses and other current assets	3.6
Accounts payable	7.3
Accrued expenses, net	2.9
Changes in other assets and liabilities, net	<u>(0.9)</u>
Cash flow provided by operating activities	<u>182.2</u>
Investing Activities:	
Capital expenditures	(0.1)
Proceeds from sale of land and buildings	-
Cash flow used in investing activities	<u>(0.1)</u>
Financing Activities:	
Proceeds from issuance of debt	4.0
Repayment of debt, net of advances	0.7
Repayment of revolver draws, net	<u>(127.8)</u>
Cash flow used in financing activities	<u>(123.1)</u>
Effect of exchange rate changes on cash	-
Increase in cash, cash equivalents, and restricted cash	59.0
Cash, cash equivalents, and restricted cash, beginning of period	<u>173.4</u>
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 232.4</u>
Supplemental cash flow information:	
Cash and cash equivalents	\$ 161.3
Restricted Cash	71.1
LT Restricted Cash	-
Total cash, cash equivalents, and restricted cash	<u>\$ 232.4</u>

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U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
PAYLESS INC. AND SUBSIDIARIES
(Debtors-in-Possession)
Notes to Condensed Consolidated Financial Statements
(UNAUDITED)

1. Basis of Accounting

The accompanying condensed consolidated financial statements of the Debtors have been prepared solely for the purpose of complying with the monthly reporting requirements of the U.S. Bankruptcy Court of the Eastern District of Missouri (referred to herein as the "Monthly Operating Report" or "MOR"). The MOR is limited in scope, covers a limited time period, and the schedules contained herein were not audited or reviewed by independent accountants nor are they intended to reconcile to any financial statements otherwise prepared or distributed by the Debtors or any of the Debtors' affiliates. The Debtors' accounting systems, policies, and practices were developed with a view to producing consolidated financial reporting on a monthly basis, rather than by legal entity or on a stub period basis. Therefore, it is possible that not all assets or liabilities have been recorded at the correct legal entity of either the Debtor or a non-Debtor affiliate. Also, certain assumptions and estimates were made in order to prepare the financial statements as of the petition date and for the post-petition period. In addition, the assets and liabilities, as well as results of operations of non-Debtor affiliates are included in the Debtors' condensed consolidated financial statements due to the manner in which transactions have been integrated in the Debtors' accounting systems. The Debtors reserve all rights to supplement or amend any schedules contained in this MOR.

The information presented herein is unaudited, subject to further review and potential adjustments, and may not have been subject to all procedures that would typically be applied to financial information presented in accordance with Generally Accepted Accounting Principles in the United States of America ("US GAAP"), including, but not limited to, goodwill impairment, deconsolidation of foreign Debtors, and any other recurring adjustment considered necessary by management to fairly state the financial position and results of operations for the period presented. Furthermore, the MOR does not contain all disclosures that would be required for presentation in accordance with US GAAP and there can be no assurance that, from the prospective of an investor or potential investor, the MOR is complete. As part of their restructuring efforts, the Debtors are reviewing their assets and liabilities on an ongoing basis, including without limitation with respect to intercompany claims and obligations, and nothing contained in the MOR shall constitute a waiver of any of the Debtors' rights with respect to such assets, liabilities, claims and obligations that may exist.

The Debtors' condensed consolidated financial statements presented herein have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business. Furthermore, the condensed consolidated financial statements contained herein have been prepared following the guidance in Financial Accounting Standards Board Accounting Standards Codification 852 "Reorganizations". Consequently, certain prepetition liabilities have been reclassified as liabilities subject to compromise. Liabilities subject to compromise currently include debt obligations, amounts due to third parties for goods and services prior to February 18, 2019, (the voluntary bankruptcy petition date) and certain known potential settlement claim amounts. It may also include estimates for litigation and contingent claims and claims created by the Debtors' rejection of executory contracts and unexpired leases. The Debtors continue to analyze and reconcile these amounts, and, therefore, the amounts reflected herein are current estimates and subject to change as additional analysis and decisions are completed.

The Debtors caution readers not to place undue reliance upon the information contained in this MOR. The results herein are not necessarily indicative of results which may be expected from any other period or for the full year and may not necessarily reflect the combined results and financial position of the Debtors in the future.

These condensed consolidated financial statements and accompanying notes do not purport to represent financial statements prepared in accordance with Generally Accepted Accounting Principles in the United States of America, nor are they intended to be fully reconciled to any financial statements otherwise prepared or distributed by the Debtors or any of the Debtors' affiliates. This information is unaudited and is subject to further review and potential adjustments. The accompanying notes are an integral part of these condensed consolidated financial statements.

2. Chapter 11 Filing

The Debtors in the Chapter 11 cases are:

<u>Debtor Entities</u>	<u>Case Number</u>
1 Payless Holdings LLC	19-40883
2 Payless Intermediate Holdings LLC	19-40886
3 WBG - PSS Holdings LLC	19-40889
4 Payless Inc.	19-40890
5 Payless Finance, Inc.	19-40892
6 Collective Brands Services, Inc.	19-40910
7 PSS Delaware Company 4, Inc.	19-40884
8 Shoe Sourcing, Inc.	19-40898
9 Payless ShoeSource, Inc.	19-40882
10 Eastborough, Inc.	19-40888
11 Payless Purchasing Services, Inc	19-40903
12 Payless ShoeSource Merchandising, Inc.	19-40907
13 Payless Gold Value CO, Inc.	19-40885
14 Payless ShoeSource Distribution, Inc.	19-40894
15 Payless ShoeSource of Puerto Rico, Inc.	19-40906
16 Payless NYC, Inc.	19-40901
17 Payless ShoeSource Worldwide, Inc.	19-40896
18 PSS Canada, Inc	19-40902
19 Payless ShoeSource Canada Inc.	19-40895
20 Payless ShoeSource Canada GP Inc.	19-40899
21 Payless ShoeSource Canada LP	19-40897
22 Payless Collective GP, LLC	19-40887
23 Collective Licensing, LP	19-40908
24 Collective Licensing International, LLC	19-40891
25 Clinch, LLC	19-40900
26 Collective Brands Franchising Services, LLC	19-40893
27 Payless International Franchising, LLC	19-40905

3. Liabilities Subject to Compromise

Estimated liabilities subject to compromise as of April 6, 2019 consists of the following:

(Dollars in Millions)	<u>April 6, 2019</u>
Accounts payable and accrued expenses	\$ 114.7
Accrued interest payable	7.3
Debt obligations	280.0
Total	\$ 402.0

4. Reorganization Items, Net

Reorganization items, net, for the period March 3, 2019 to April 6, 2019 consists of the following:

(Dollars in Millions)	<u>For the Period</u>
	<u>March 3, 2019</u>
	<u>to April 6, 2019</u>
Professional fees	10.7
Total	\$ 10.7

5. Restricted Cash

Restricted Cash consists substantially of the amounts contained in the Citibank, N.A. escrow account (Account 1748) for general unsecured claims of Payless I and cash collateral for outstanding Letters of Credit.